Newfoundland Labrador

DEPARTMENT OF FINANCE
TAX ADMINISTRATION DIVISION

Bulletin No. Tob 425
Issue Date: April 30, 2015

TAX INFORMATION BULLETIN
TOBACCO TAX
LABRADOR BORDER ZONE

Effective 12:01 a.m. May 1, 2015, a tobacco tax rebate has been introduced for Labrador West (Labrador City and Wabush).

New tobacco tax rebate rates in this area apply as follows:

	General Tax Rate	Rebate Rate	Effective Tax Rate
Cigarettes (per cigarette)	23.5¢	10.75¢	12.75¢
Fine Cut Tobacco (per gram)	38¢	23.36¢	14.64¢

These reduced rates substantially align the Labrador border zone effective tobacco taxation rates to those in Quebec. This measure is designed to decrease cross-border shopping, and to make businesses in the Labrador border zone more competitive with their Quebec neighbours.

Wholesalers will be required to remit the general tax less the rebated tax on sales of tobacco products to retailers in the Labrador border zone. Retailers will be able to purchase tobacco products at a tax reduced rate, and are not required to apply for a rebate of the difference between the general rates and the Labrador border zone rates. Consumers will pay the effective tax rate when they purchase tobacco from retailers.

Inventories purchased prior to May 1, 2015 will be eligible for the rebate. Retailers must take and record their existing inventory of tobacco products as of 12:01 a.m., Friday May 1, 2015. The *Tobacco Rebate Retailer Application Form* must be completed and submitted, along with purchase invoices for April 2015, to the Tax Administration Division of the Department of Finance by May 20, 2015.

The annual quota for cigarettes eligible for the rebate is 110,000 carton equivalents (cigarettes and fine cut combined). The quota will be monitored on a monthly basis. Rebates will not be granted for quantities in excess of the quota amount.

Rebate claims should be submitted to the address below:

Department of Finance
Tax Administration Division
P.O. Box 8720
St. John's, NL
A1B 4K1
Phone: (709) 729-6297
Toll Free: 1-877-729-6376
Fax: (709) 729-2856
email: taxadmin@gov.nl.ca